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Russia International Affairs

*First-Quarter Figures on Joint, Foreign-Owned Enterprises

954Q0211A Moscow DELOVOY MIR in Russian 9 Jun 95 p 2

[Report, under the rubric "Statistics," from RF State Statistics Committee: "On the Activity of Joint and Foreign-Owned Enterprises in the First Quarter 1995"]

[FBIS Translated Text] According to data of Goskomstat Rossii [RF State Statistics Committee], 15,717 joint and foreign-owned enterprises had been registered on Russian Federation territory as of 1 April 1995.

In fact there were 8,889 enterprises in operation, or 57 percent of those enterprises registered; they included 7,755 with the countries of the far abroad and 1,134 enterprises with CIS countries.

Foreign partners' share in the capital stock of enterprises came to 59 percent.

In January-March 1995, joint and foreign-owned enterprises produced output and provided services worth 8.9 trillion rubles [R], exported 886 million dollars worth, imported 649 million dollars worth, and sold on the domestic market R10.7 trillion worth (including R1.8 trillion worth produced at other enterprises).

The following data characterize the volumes of exports, imports, and sale of output by joint and foreign-owned enterprises on the domestic market in the first quarter of 1995 based on regions of Russia:

Table: Joint and Foreign-Owned Enterprises' First Quarter Exports, Imports, and Sales on the Domestic Market

Region	Exports, millions of dollars	Imports, millions of dollars	Sales on the Domestic Market, billions of rubles
Total	886	649	10,726
Including:			
with the Countries of the Far Abroad	879	636	10,456
with the CIS Countries	6.7	12.6	270
Amount of the Total Volume from:			
Republic of Bashkortostan	2.7	3.6	39.2
Komi Republic	4.3	0.8	63.0
Republic of Tatarstan	12.2	5.6	76.7
Krasnodar Kray	6.8	8.2	210.1
Maritime Kray	4.5	9.1	128.5
Stavropol Kray	0.3	1.6	32.2
Khabarovsk Kray	9.7	5.5	39.9
Volgograd Oblast	2.9	2.7	35.0
Irkutsk Oblast	17.0	0.2	15.8
Kaliningrad Oblast	16.5	20.9	153.4
Kamchatka Oblast	14.1	5.9	16.8
Kemerovo Oblast	27.7	3.0	106.9
City of St. Petersburg	115.6	51.2	671.9
Leningrad Oblast	1.5	14.1	150.3
City of Moscow	182.2	399.5	4,015

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Region	Exports, millions of dollars	Imports, millions of dollars	Sales on the Domestic Market, billions of rubles
Moscow Oblast	169.3	4.5	3,465
Murmansk Oblast	4.3	8.1	89.0
Nizhniy Novgorod Oblast	33.8	8.5	107.0
Novosibirsk Oblast	2.4	12.0	78.9
Perm Oblast	2.2	2.9	82.5
Rostov Oblast	1.2	6.4	65.5
Saratov Oblast	2.8	15.8	67.3
Samara Oblast	1.6	2.2	70.7
Sakhalin Oblast	4.4	3.0	27.0
Sverdlovsk Oblast	6.1	12.4	75.4
Tomsk Oblast	0.9	1.5	84.9
Tula Oblast	4.5	1.0	55.0
Tyumen Oblast	142.9	2.7	127.8
Chelyabinsk Oblast	1.7	2.2	40.9

In January-March 1995, the city of Moscow and Moscow Oblast accounted for 40 percent of the entire volume of exports of joint and foreign-owned enterprises, 64 percent of the imports, and 72 percent of all the output sold on the domestic market.

Joint and foreign-owned enterprises accounted for a 4.5 percent share of the total volume of Russian exports, a 6.6 percent share of Russian imports, and a 9.0 percent share of sales on the domestic market.

Fuel-energy goods (largely oil) occupied the primary place in the commodity structure of exports—41 percent of all the exports of joint and foreign-owned enterprises, while cellulose and paper products (commercial timber, cellulose, and newspaper) accounted for 21 percent and metals (rolled ferrous metal products, aluminum, copper, and nickel) accounted for 16 percent.

The predominant imports were foodstuffs (about 60 percent) and industrial goods (more than 20 percent).

The largest volumes of exports by joint and foreign-owned enterprises were to Germany—163 million dollars worth, Great Britain—134 million dollars worth, Switzerland—92 million dollars worth, Japan—55 million dollars worth, Finland—41 million dollars worth, and the United States—40 million dollars worth; while the largest volumes of imports were from the United States—207 million dollars worth, Germany—49 million dollars worth, France—48 million dollars worth, Great Britain—36 million dollars worth, and Finland—29 million dollars worth.

Russia National Affairs

*DELOVOY MIR Economic Statistics, 16-22 May

954E1066A Moscow DELOVOY MIR in Russian 31 May 95 p 3

[Survey prepared on the basis of RF State Statistics Committee data, under the rubric "Statistics": "The Socioeconomic Situation as of 22 May"]

[FBIS Translated Text]

Prices for Consumer Goods and Services

In the period from 16 through 22 May, the consumer price index for goods and services stood at 102.4 percent; that includes 102.6 percent for foodstuffs, 101.8 percent for nonfood goods, and 103.8 percent for paid personal services.

The greatest rise in prices for consumer goods and services was recorded in the cities of the North Caucasus Region (3.7 percent), and the least rise, in the Volga Region and Kaliningrad Oblast (1.8-1.9 percent).

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Table 1. The Price Index for Goods and Services on the Consumer Market (in percentages)

Item	As Percentage of Previous Price Registration Date Level			Average Daily Increase in Prices	
	10 May	15 May	22 May	May	April
Consumer Goods and Services	101.5	101.6	102.4	0.27	0.28
Including:					
Foodstuffs	101.7	101.7	102.6	0.31	0.24
Nonfood Goods	101.2	101.0	101.8	0.18	0.29
Paid Personal Services	101.9	102.7	103.8	0.43	0.39

Consumer prices rose by 6.2 percent since the start of the month; that included a 6.9 percent increase for foodstuffs, 3.9 percent for nonfood goods, and 10 percent for paid personal services.

Food

The table below shows the dynamics in prices for the basic food commodity groups.

Table 2. Dynamics in Prices for Basic Food Commodity Groups

Item	As Percentage of Previous Price Registration Date Level		
	10 May	15 May	22 May
All Foodstuffs	101.7	101.7	102.6
Including:			
Meat and Meat Products	102.0	102.2	102.7
Fish and Fish Products	100.7	101.2	101.1
Edible Fats	100.0	100.1	99.9
Milk and Dairy Products	100.7	100.3	100.4
Eggs	99.9	99.7	99.5
Sugar	100.8	101.2	102.1
Bread and Baked Goods	102.0	102.0	104.3
Macaroni-Groat Items	101.3	101.3	101.6
Alcoholic Beverages	102.5	102.1	103.3

In the period from 16 through 22 May, the greatest price increases were observed for meat and poultry, all types of bread, vodka, beer, potatoes, and root crops (3-4 percent). The price of bread rose 15-25 percent in Rostov-na-Donu, Yekaterinburg, Novosibirsk, and Blagoveshchensk, and 50-70 percent in Stavropol.

Since the start of the month, prices for bread and bakery goods, meat and meat products, and fruit and vegetable output increased by 8-11 percent, while prices for fish and fish products, sugar, confectionery goods, flour, and macaroni-groat items rose by 3-5 percent. Prices for oil and fats, milk and dairy products, and eggs remained practically at the April level.

The cost of the set of the 19 basic food products on the average for Russia increased by 2.6 percent to 178,600 rubles [R]. The set continued to cost most in the cities of the Far East, while it cost least in the cities of the Volga and Central Chernozem regions. The differentiation between the maximum and the minimum cost of the set based on cities was a factor of 3.7. In Magadan, Petropavlovsk-Kamchatskiy, and Yuzhno-Sakhalinsk, the set cost R327,000-R355,000 per month, in Ulyanovsk, Voronezh, and Tambov—R97,000-R128,000, in Moscow—R215,000, and in St. Petersburg—R192,000.

Nonfood Goods

The rate of growth in prices for nonfood goods increased compared to the previous period, just as it did for foodstuffs.

The dynamics in prices for the basic nonfood goods groups are shown below:

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Table 3. Dynamics in Prices for Basic Nonfood Goods Groups

Item	As Percentage of Previous Price Registration Date Level		
	10 May	15 May	22 May
Fabrics	101.9	101.0	102.5
Clothing and Linen	101.1	101.1	101.8
Shoes	102.0	100.8	101.8
Detergents	101.2	101.6	101.7
Tobacco Products	102.5	102.5	103.6
Electrical Items	100.8	100.6	101.3
Medicines and Bandages	101.5	101.5	102.7
Gasoline	102.9	101.8	103.5

Tobacco products and gasoline rose most significantly since the start of the month (10 percent). Prices for fabrics, clothing and shoes, press publications, and construction materials rose by 4-6 percent, while prices for televisions, washing machines, and refrigerators rose by 2 percent.

Paid Personal Services

In the period from 16 through 22 May of this year, the rapid rate of growth in rates for services compared to the rate of growth in prices for goods continued.

The dynamics in prices for the basic groups of paid services are shown below:

Table 4. Dynamics in Prices for Basic Groups of Paid Services

Type of Service	As Percentage of Previous Price Registration Date Level		
	10 May	15 May	22 May
Domestic Services	101.3	100.8	102.4
Passenger Transport Services	101.6	101.5	104.4
Communications Services	100.5	114.7	107.4
Housing-Municipal Services	101.7	103.1	103.8
Services of Children's Preschool Institutions	106.4	103.0	104.0
Health Care Services	102.4	101.4	101.7

The rise in rates for paid personal services during the past week was defined by the significant rise in prices for transport and communications services: the fee for riding on suburban trains increased by 22 percent, the cost of sending a letter increased by 27 percent, and the cost of sending a telegram increased by 13.5 percent.

Since the start of the month, rates for communications services increased by 24 percent, while the cost of leaving children in preschool institutions and tourist-excursion services rose by 16-18 percent. The fees for housing-municipal services and passenger transport services rose by 9-11 percent.

Industry

The composite index of average daily production of the basic types of output during the first 21 days of May 1995 came to 99.6 percent as compared to the corresponding period of April 1995 (the figure was 91 percent in May 1994), while compared with the corresponding period of May 1994, the figure was 104 percent (64 percent in May 1994).

The following data characterize the production of the major types of industrial output during the first 21 days of May 1995 at large and medium-sized enterprises:

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Table 5. Production of Major Types of Industrial Output at Large and Medium-Sized Enterprises

Item	Produced During the First 21 Days of 1995	As Percentage of the Level of the Corresponding Period (Based on Average Daily Production)	
		May 1994	April 1995
Electricity Produced by General Use Electric Power Plants, billions of kilowatt-hours	40.9	99	88
Oil, Including Gas Condensate, millions of tonnes	16.2	98	102
Primary-Refined Oil, millions of tonnes	10.4	101	104
Natural Gas, billions of cubic meters	33.4	99.1	96
Coal, millions of tonnes	11.9	92	90
Steel, millions of tonnes	3.0	111	113
Finished Rolled Metal Products, Including Products Procured for Export, millions of tonnes	2.3	115	104
Steel Pipe, thousands of tonnes	160	119	98
Coke, millions of tonnes	1.7	115	102
Small Electric Motors, thousands of units	51.9	104	42
Truck Cranes, units	56	140	60
Pneumatic Track Cranes, units	10	44	250
Metal Cutting Machine Tools, units	126	94	80
Trucks, thousands of units	5.6	80	78
Passenger Cars, thousands of units	41.6	124	122
Tractors, units	894	118	123
Chemical Fibers and Threads, thousands of tonnes	13.5	163	98
Mineral Fertilizers (Converted to 100 Percent Nutritive Substances), thousands of tonnes	515	110	95
Polyvinyl Chloride Plastic, thousands of tonnes	2.1	72	84
Synthetic Rubber, thousands of tonnes	48.9	218	105
Commercial Timber, millions of Fest-meters	1.8	85	73
Sawn Timber, thousands of cubic meters	320	78	77
Hard Fiberboard, millions of standard cubic meters	10.7	99	82
Commodity Cellulose, thousands of tonnes	90.4	159	84
Paper, thousands of tonnes	146	120	98
Cement, millions of tonnes	1.9	99.5	105
Ceramic Facing Tile, thousands of cubic meters	700	99.4	93
Roofing Shingle, millions of standard tiles	86.3	196	91
Building Bricks, millions of standard bricks	321	99	87
Fabrics, Total, millions of cubic meters	36.4	50	70
Hosiery and Sock Items, millions of pairs	10.0	80	97

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Item	Produced During the First 21 Days of 1995	As Percentage of the Level of the Corresponding Period (Based on Average Daily Production)	
		May 1994	April 1995
Knitted Items, millions of pieces	2.3	37	64
Shoes, millions of pairs	1.5	60	78
Televisions, thousands of units	27.3	43	74
Radio Sets, thousands of units	21.5	113	49
Refrigerators and Freezers, thousands	61.8	64	74
Electric Vacuums, thousands	25.9	68	83
Washing Machines, thousands	39.0	73	70
Meat, Including Category I Byproducts, thousands of tonnes	49.2	66	97
Whole Milk Products Converted to Milk, thousands of tonnes	257	76	100.0
Animal Fat, thousands of tonnes	20.6	89	150

On Progress in Spring Planting

Based on estimates, 49 million hectares of spring crops had been planted in all categories of farms (agricultural enterprises, private farmers, and the population) as of 22 May of this year; that includes 33.5 million hectares of grain crops, 3.4 million hectares of sunflowers, 1.1 million hectares of sugar beets, 2.3 million hectares of potatoes, and 0.5 million hectares of vegetables.

The area planted in spring grain crops, potatoes, and vegetables by this time comes to roughly 70 percent of the area of these crops before harvest last year. Planting of sunflowers slightly surpassed last year's level, while planting of sugar beets is close to the 1994 amount of area.

During the last week, 8.7 million hectares of spring crops were planted at agricultural enterprises as compared to 5.4 Milton hectares during the previous week.

The following data characterize progress in spring planting at agricultural enterprises as of 22 May:

Table 6. Progress in Spring Planting at Agricultural Enterprises, in thousands of hectares

Type of Crop	1995	1995 Level as % of 1994 Level	For Reference		
			1992	1993	1994
Spring Crops, millions of hectares	44.6	109	49.9	43.2	40.8
Of Them:					
Grain and Leguminous Crops (Excluding Corn), millions of hectares	29.8	107	30.7	27.0	27.8
Corn	3,579	110	6,394	5,244	3,257
included in above, Grain Corn	435	71	752	695	509
Sugar Beets (Industrial)	1,028	102	1,346	1,189	1,007
Long-Stemmed Flax	138	135	287	240	102
Sunflowers	2,965	125	2,546	2,326	2,372
Potatoes	253	101	674	542	250

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Type of Crop	1995	1995 Level as % of 1994 Level	For Reference		
			1992	1993	1994
Vegetables	142	111	205	160	129
Annual Grasses, millions of hectares	4.9	118	5.2	4.5	4.2

Taking into account the area of remaining winter crops, the area of grain crops for harvest in the current year was roughly 44.3 million hectares by 22 May, or three quarters of last year's area.

On the Shipment of Goods (Output) to Regions of the Far North

As of 21 May 1995, 1.126 million tonnes of freight had been shipped by sea transport to the Far North regions and areas equivalent to them. Dry cargo accounts for 73 percent of the total volume, while liquid cargo accounts for 27 percent.

Data on the change in volumes of freight shipped as of 21 May are cited below:

Table 7. Change in Volume of Freight Shipped as of 21 May

Type of Freight	1995		For Reference: 1994 Level as Percentage of 1993 Level
	Thousands of Tonnes	As Percentage of 1994 Level	
Freight Shipped by Sea Transport	1,126	89	52
Including:			
Dry Cargo	818	96	54
Liquid Cargo	308	74	49

Freight for shipment to the North still in the main seaports increased overall by 32 percent as compared to 21 April of this year and came to 85,000 tonnes.

This year the shipment of most types of foodstuffs and output for production-technical purposes to the Far North regions and areas equivalent to them is above last year's level. The following data confirm this:

Table 8. Shipments of Foodstuffs and Production-Technical Output to Far North Regions and Areas Equivalent to them

Item	Received as of 15 May 1995			
	Thousands of Tonnes	As Percentage of 15 May 1994 Level	Including to Regions with a Limited Shipping Season	
			Thousands of Tonnes	As Percentage of Total Volume Received
Foodstuffs				
Meat and Meat Products Converted to Meat (Excluding Canned Meats)	53.5	104	8.9	16.6
Canned Meats, millions of standard cans	12.8	39	2.2	17.2

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Item	Received as of 15 May 1995			
	Thousands of Tonnes	As Percentage of 15 May 1994 Level	Including to Regions with a Limited Shipping Season	
			Thousands of Tonnes	As Percentage of Total Volume Received
Milk and Dairy Products Converted to Milk (Excluding Animal Fat and Cheese)	283	194	746	26.3
Animal Fat	12.6	133	3.3	26.2
Cheese, Including Melted Cheese	2.6	104	0.7	26.9
Vegetable Oil	9.7	108	2.1	21.6
Sugar	37.4	94	6.5	17.4
Confectionery Goods	16.2	98	2.9	17.9
Tea	2.0	77	0.5	25.0
Macaroni Products	8.9	77	1.8	20.2
Canned Fruits and Vegetables, millions of standard cans	37.5	132	4.7	12.5
Flour	109	90	41.1	37.6
Groats	26.5	135	5.2	19.6
Production-Technical Output				
Petroleum Products	2,061	138	165.9	8.1
Commercial Timber, thousands of cubic meters	6.7	479	2.2	36.8
Cement	77.6	317	5.3	6.8
Rolled Ferrous Metal Products	48.8	187	1.3	2.7

During the first 15 days of May 1995, the amount of canned fruit and vegetables received by trade enterprises rose by 70 percent as compared to the same period of 1994, while tea remained at the same level. For other types of foodstuffs, with the exception of certain dairy products and flour, the figure was less than 50 percent.

Monetary Income

Monetary income received by the population in January-April of this year came to a total of R223 trillion and increased by 198 percent as compared to the same period of 1994. Real available monetary income (income minus mandatory payments adjusted on the basis of the consumer price index) declined by 6 percent as compared to January-April of last year.

The following data characterize the dynamics in real monetary income in January-April of this year:

Table 9. Dynamics of Real Monetary Income in January-April

Item	As Percentage of:	
	the Level of the Previous Period	the Level of the Corresponding Period of 1994
January	66	105
February	102	95
March	108	93
April	101	88

Monetary Expenditures

In January-April of this year, the population spent R154.3 trillion (69.2 percent) of the total volume of monetary income to buy goods and pay for services, R15.5 trillion (7.0 percent) to pay taxes and fees, R12.7

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trillion (5.7 percent) to build up savings in deposits and securities, and R37.5 trillion (16.8 percent) to buy hard currency. Money which the population had its hands increased by R3.0 trillion during this period.

The following table shows the change in the structure of utilization of personal monetary income in January-April of this year:

Table 10. Change in Structure of Utilization of Personal Monetary Income in January-April

Item	As Percentage of Total			
	January	February	March	April
Monetary Income	100	100	100	100
Amount of That Used To Do the Following:				
buy goods and pay for services	73.8	68.8	68.5	67.0
make mandatory payments and contributions	7.3	7.3	6.7	6.7
build up savings in deposits and securities	5.9	5.4	5.2	6.1
buy hard currency	24.9	14.6	17.6	12.3
Increase (+) or Decrease (-) in Money in Hand	-11.9	3.9	2.0	7.9

Personal expenditures to buy hard currency declined in April of this year as compared with the previous month (R8.1 trillion as against R10.6 trillion). At the same time, the volume of cash on hand increased by R5.2 trillion, which is 4.4 times more than in March of this year.

Differentiation of Personal Income

The distribution of the Russian Federation population by average per capita monetary income in January-April 1995 is shown below:

Table 11. Distribution of Russian Federation Population by Average Per Capita Monetary Income in January-April 1995

Income Bracket	Millions of People	As Percentage of Total
Entire Population	148.2	100
Including Those with Average Per Capita Monetary Income of Number of Thousand Rubles Per Month Listed Below		
under 20.0	0.0	0.0
20.1-40.0	0.1	0.1
40.1-60.0	0.9	0.6
60.1-120.0	11.1	7.5
120.1-180.0	20.8	14.0
180.1-240.0	22.6	15.2
240.1-300.0	20.0	13.4

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Income Bracket	Millions of People	As Percentage of Total
300.1-360.0	16.3	11.0
360.1-420.0	12.7	8.6
420.1-480.0	9.8	6.6
480.1-540.0	7.4	5.0
540.1-600.0	5.6	3.8
600.1-700.0	6.6	4.4
700.1-800.0	4.2	2.9
800.1-900.0	2.7	1.9
900.1-1,000.0	1.9	1.3
More than 1,000.0	5.5	3.7

In January-April of this year, the 10 percent of the population with the highest incomes accounted for 38 percent of all monetary income, while the 10 percent with the lowest incomes accounted for 2.3 percent. Almost 65 percent of the population had below average income.

A trend toward redistribution of the total volume of monetary income is developing in favor of the high income groups of the population, which is reflected in the differentiation and concentration of income.

Table 12. Differentiation and Concentration of Income

Item	Distribution of Total Volume of Personal Monetary Income, in percentages	
	January-April	
	1995	1994
Monetary Income	100	100
Including by 20-percent Groups of the Population		
First Group (with the Lowest Incomes)	5.4	5.6
Second Group	10.3	10.6
Third Group	14.9	15.8
Fourth Group	21.9	23.2
Fifth Group (with the Highest Incomes)	47.5	44.8
Coefficient of Concentration of Income (Dzhini Index)	0.351	0.340
Ratio of the Income of the Top 10 Percent to the Income of the Bottom 10 Percent of the Population	13.3	12.4

The average per capita monetary income of the 20 percent group of the population with the highest income was R942,000 (average per month) in January-April of this year, while the figure was no higher than R107,000 for the 20 percent group with the lowest.

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The Subsistence Minimum Standard

The amount of the subsistence minimum standard determined according to the methods of the RF Ministry of Labor came to R234,200 in April of this year and rose by 7 percent as compared to March 1995.

The change in the amount of the subsistence minimum standard is given in the following table:

Table 13. Subsistence Minimum Standard, in thousands of rubles

Time Period	Entire Population	Including			For Reference
Able-Bodied Population		Pensioners	Children	Ratio of Average Per Capita Monetary Income to Subsistence Minimum Standard, in percentage	
1995					
January	179.5	202	126.5	181	173
February	201	227	142	203	173
March	219	246	154	221	187
April	234	263.5	165	238.5	191
January-April (the Average Per Month)	208.5	235	147	211	181

The ratio of monetary income to the subsistence minimum standard, 181 percent, remained low in January-April of this year (the corresponding figure for January-April 1994 was 225 percent). Average per capita monetary income of 30 percent of the population (45 million people) in January-April of this year was lower than the subsistence minimum standard.

The dynamics in the poverty level are shown below:

Table 14. Dynamics in Poverty Level

Time Period	Number of Population with Monetary Income Lower than the Subsistence Minimum Standard	
1st Quarter 1994	37.5	25
1st Quarter 1995	45.1	30
January	49.4	33
February	50.4	34
March	43.9	30
April	43.1	29

Compared with the corresponding period last year, the number of persons with income lower than the subsistence minimum standard in January-April of this year increased by roughly 18 percent.

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The dynamics of purchasing power of monetary income of the low-income groups of the population were defined by the substantial increase in fees for housing and municipal services.

***Fragile Economic Stabilization Facing Uncertain Future**

954E1051A Moscow IZVESTIYA (Finansovyye Izvestiya Supplement) in Russian 25 May 95 No 36, p 4

[Article by Mikhail Delyagin, acting head of the Economics Department of the Analytical Administration of the President of Russia: "Fragile Stabilization of the Economy Exposes Primary Danger Which Still Lies Ahead"]

[FBIS Translated Text] The main factor in the development of Russia in 1992-1994 was the objective process of bringing domestic prices to the level of world prices. At the same time, due to technological backwardness, entire sectors, primarily in the processing industry, proved insolvent. The state, not having the political capacity of allowing mass bankruptcy, supports their existence with the aid of monetary infusion, which leads to a decline in the exchange rate of the ruble and a growth of the inflationary potential of the economy—a disparity between domestic and world prices.

After this, there is another round of bringing domestic prices up to world prices, resulting in the inability of the economy to compete. The cycle takes an average of a year, and is accompanied by sociopolitical perturbations: In 1992—the crisis that ended in the retirement of Gaydar and the referendum; in 1993—the October putsch; and in 1994—Black Tuesday and Chechnya. However, the movement along this cycle is certainly not a race along a closed loop. After all, each cycle of development sifts out nonviable enterprises and gives the remaining ones stimulus for modernization. This is what constitutes the elemental structural reorganization—not shock, but therapeutic.

Adaptation of Production

The extremely slow growth of the decline in production was important news: 0.7 percent in January, 4 percent in February, 5.3 percent in March, and 6 percent in April, as compared with 23-27 percent a year ago. This is a sign of the economy's adaptation to the strict financial policy. It is true, such an adaptation is often criminal: Enterprises settle accounts in cash (including in currency) and in nonpayments, so as to avoid taxes. However, the growth of overdue indebtedness in January-March was not great (32 percent, with inflation of 43 percent), while its relative share in the GDP [gross domestic product] declined in February as compared with January: In credit indebtedness—from 118.4 percent to 108 percent; in incurred debts—from 102.9 percent to 90.7 percent. The situation is similar with cash money: In December-March its volume in circulation increased by 2.8 percent, and for January-March it declined by 5.7 percent.

If the adaptation of industry had been the result of criminalization, i.e., the changeover to nonpayments and cash accounting, the growth of the reviewed indicators would have been much greater. The legality of the adaptation also confirms such an indicator of criminalization of the economy as the change in the relative share of cash in the money supply: While for 1992 it increased from 17.9 to 23.5 percent and for 1993—from 23.5 to 36.2 percent, for 1994 it increased only to 37.0 percent. In the first quarter of 1995 it even declined—to 33.9 percent. Such a slowing was the result of the legalization of capital extended in 1994 and the achievement of dimensions by the shadow economy which are marginal for a parasitic structure.

At the beginning of 1995, for the first time in the years of reform, "growth centers" emerged. These were housing construction (10 percent growth in the first quarter; moreover, 43 percent growth in Moscow and 44 percent growth in housing construction by private enterprises), ferrous metallurgy (growth of 10 percent in the first four months), the chemical and petrochemical industry (8 percent), and nonferrous metallurgy (0.2 percent). The growth of non-raw material types of production testifies to the gradual improvement in the structure of the Russian economy.

Structural Reorganization of the Economy

The intensity of structural changes reached a maximum in 1994 (see table). Moreover, the results of the first quarter of 1994 testify only to their slight slowing.

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Dynamics of production, in percent

	1990 compared to 1985	1991 compared to 1990	1992 compared to 1991	1993 compared to 1992	1994 compared to 1993	1995 compared to 1994	1994 compared to 1993
						(first quarter)	
Industry, total	114	92.1	81.9	83.9	77.2	95	75.1
Electrical power production	114	100.0	95.6	94.7	91.2	93	96.2
Fuel industry	103	94.2	92.8	85.0	89.0	97	86.2
Ferrous metallurgy	108	92.6	84.0	83.4	82.6	110	75.0
Nonferrous metallurgy	107	91.6	74.5	81.9	89.6	101	84.2
Chemical and petrochemical industry	112	93.8	78.1	78.5	71.1	108	65.2
Machine-building	121	90.1	85.3	83.4	60.6	98	56.0
Timber, wood processing, and cellulose-paper industry	111	91.0	86.1	81.3	68.8	89	68.1
Building materials industry	117	97.4	79.8	82.4	71.1	89	68.8
Light industry	108	90.7	70.4	76.6	52.7	60	64.5
Food industry	119	90.8	84.3	90.8	78.1	85	77.3
Intensity of structural shifts (dispersion)	3.32*)	11.24	28.68	19.29	50.83	45.20	48.38

*) Average annual level for 1985-1990

Source: RF Goskomstat [Russian Federation State Committee on Statistics], reporting statistics

Index of structural shifts

	1990 compared to 1985	1991 compared to 1990	1992 compared to 1991	1993 compared to 1992	1994 compared to 1993	1995 compared to 1994	1994 compared to 1993
						(first quarter)	
Industry, total	100	100	100	100	100	100	100
Electrical power production	100	108.58	116.73	113.01	118.13	97.89	128.10

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	1990 compared to 1985	1991 compared to 1990	1992 compared to 1991	1993 compared to 1992	1994 compared to 1993	1995 compared to 1994	1994 compared to 1993
						(first quarter)	
Fuel industry	98	102.28	113.31	101.43	115.28	102.11	114.78
Ferrous metallurgy	98.90	100.54	102.56	99.52	106.99	115.79	99.87
Nonferrous metallurgy	98.70	99.46	90.96	97.73	116.06	106.32	112.12
Chemical and petrochemical industry	99.60	101.85	95.36	93.68	92.10	113.68	86.82
Machine-building	101.20	97.83	104.15	99.52	78.50	103.16	74.57
Timber, wood processing, and cellulose-paper industry	99.50	98.81	105.13	97.02	89.12	93.68	90.68
Building materials	100.50	105.75	97.44	98.33	92.10	93.68	91.61
Light industry	98.90	98.48	85.96	91.41	68.26	63.16	85.89
Food industry	100.90	98.59	102.93	108.35	101.17	89.47	102.93
Intensity of structural shifts (dispersion)	3.32*)	11.24	28.68	19.29	50.83	45.20	48.38

*) Average annual level for 1985-1990.

Source: RF Goskomstat

At the same time, the process of bringing domestic prices up to the world level, which reflects the growth of effectiveness of the economy, practically stopped. While in 1992 the indicator of this process—the decline in the buying capacity of the dollar—comprised 5.1 times, and in 1993 it was 3.2 times, in 1994 it was only 8.8 percent, and for the first quarter of 1995—4.5 percent.

This slowing is a sign of change in the character of the structural reorganization. The stage of structural improvement by means of "casting off" nonviable enterprises has been completed. Enterprises that could be liquidated without large-scale destabilization have been liquidated. Those that remain are the backbone of the economy. They cannot be destroyed, but can only be modernized. But modernization is a lengthy process which requires, like any investments, low inflation.

In 1994-1995 Russia encountered a situation whereby the rapprochement of the domestic and world level of prices made it impossible to compete already not only for the clearly doomed types of production, but also for a number of the most promising export sectors, which were using backward technologies. The impossibility of bankrupting them, and in a number of cases also the impossibility of reducing their profitability, conditioned a radical slowing in the process of bringing domestic prices up to the world level.

Thus, today the structural reorganization based on the technological foundation which has been formulated leads only to a slight increase in effectiveness. Its serious growth is possible on the basis of curtailment of the old types of production, on the basis of global replacement of technologies.

The first step along this path is an investment upswing. The reduction of supply of capital on the world markets (investments in the developing countries will decrease by two times in 1995 as compared with 1994) indicates for Russia a growth in the importance of domestic investments. In this respect there are some encouraging tendencies: The economy has accumulated an investment potential, which is manifested even under present-

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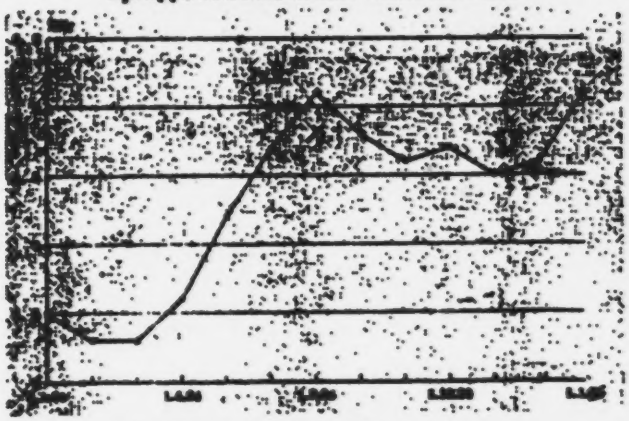
day conditions. Thus, the relative share of long-term credits in the overall volume of crediting of the economy at the start of 1995 broke through the general annual tendency toward reduction (beginning of 1992—9.6 percent, of 1993—5.2 percent, of 1994—3.5 percent), and returned to the maximum level for 1994, achieved before the fall shock (see Figure 1).

Рисунок 1. Доля долгосрочных кредитов в общем объеме кредитов, предоставленных экономике



По данным Центрального банка РФ.

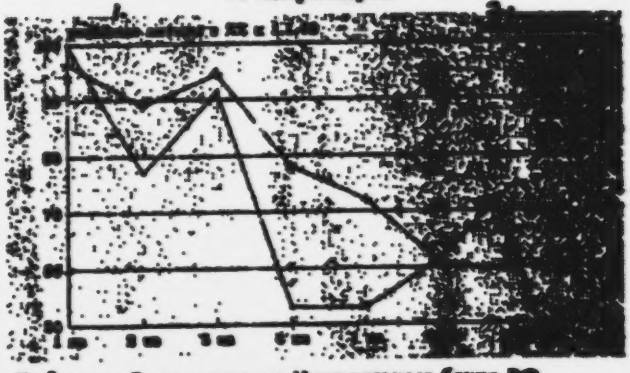
{titl}Figure 1. Relative share of long-term credits in the overall volume of credits granted to the economy*

*According to data of the RF Central Bank.

The Main Problem: Inflation

Although inflation depends on an innumerable multitude of factors, the most important one is the rate of growth of the money supply. Knowing it, we may predict the dynamics of inflation with a high degree of probability (see Figure 2).

Рисунок 2. Реальные банковские активы и инфляция



По данным Госкомстата и Центрального банка РФ.

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{titl}Figure 2. Real bank assets and inflation* {annot}Key: 1.—real assets in % % compared to 1 January 1993; 2.—inflation, % %

*According to data of the Goskomstat and Central Bank of the RF.

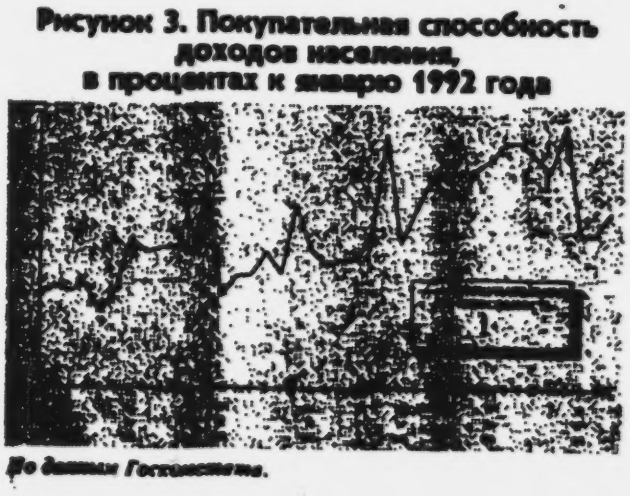
The money introduced into the economy influences inflation not right away but only after a variable period of time (time lag). As inflation is reduced, the financial market becomes more complex, and the growth of the money supply no longer makes its way immediately to the consumer market, as was the case in 1989-1990, but "turns around" in financial operations. The lower the rate of inflation, the more refined and prolonged these operations are, and the longer the time lag: From three months at the start of 1992, it grew to six months by the middle of 1994.

The acceleration of inflation simplifies the financial markets. The price wave of the fall-winter of 1994 reduced the time lag to five months.

Nevertheless, since at the present time the inflationary peak is behind us, evidently soon the time lag will be restored to six months. It is not difficult to evaluate the continued dynamics of inflation with the aid of Figure 2. The summer growth of prices will comprise, most likely, 3-4 percent per month (it makes sense to stimulate investments beginning with average monthly inflation of 5 percent).

This technical prognosis is confirmed by other arguments as well. Thus, the main factor in inflation—the federal budget deficit—in the first quarter of 1995, despite the absence of the IMF credit included in it, comprised 3.3 percent of the GDP, as compared with 9.3 percent for the analogous period last year! Estimates show that the deficit for the second quarter of 1995 will also not exceed this level. In this case, the stress on the budget will be far from critical.

The purchasing power of income of the population, whose decline in January-February threatened political cataclysms and rejection of the ideology of financial stabilization, in March increased by 8 percent, and in April—by another 3 percent (see Figure 3), which allows us to speak of the beginning of a new period of its growth.



{titl}Figure 3. Purchasing power of income of the population, in percent compared to January of 1992* {annot}Key: 1.—purchasing power

*According to data of Goskomstat

The Chechen events have not had, and evidently will not have, any notable effect on the macroeconomic processes.

Unfounded Fears

Thus, the macroeconomic situation is favorable as never before. The expectations of negative perturbations are unfounded.

Let us begin with the persistent psychosis of the last half year—the fixing of the dollar exchange rate. Today its expediency is equal to zero, since the policy of increasing the exchange rate of the dollar as compared

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with the balance of supply and demand, which is being implemented by the CB [Central Bank], provides all the pluses of fixing (growth of currency reserve, provision of ruble emission with hard currency and its noninflationary character, predictability of the dollar exchange rate) without its minuses (sharp one-time devaluation of the ruble, intensified inflationary pressure on it, taking full responsibility for events that were not fully estimated).

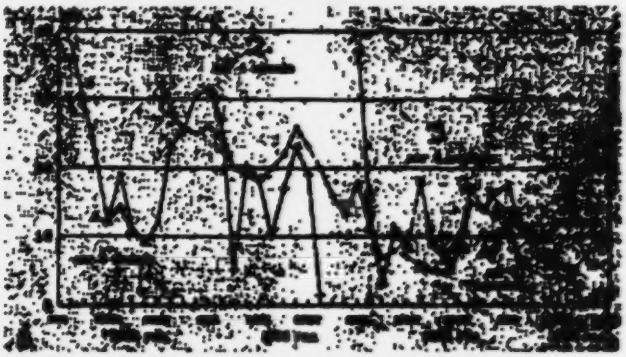
The pressure of the IMF was weakened by the crisis of the financial system of Mexico. Therefore, we may state that the fixing of the dollar exchange rate, whose specter almost became the unspoken emblem of the Russian community of economists, fell into oblivion.

A more serious unpleasantness is the traditional fall "inflationary wave," caused by the financing of agricultural work and supply of the northern territories. However, it will be weaker than last year, and will not exceed an average monthly level of 10 percent.

The talk of pre-electoral populism does not withstand criticism. After all, the parliamentary elections are merely a dress rehearsal for July of 1996, to which no one wants to come with the image of a man who has subjected the country to a new round of inflation.

The most weighty argument in favor of predictions of low inflation is the change in the position of the banks. In 1993, the main indicator of their development—their assets—was directly dependent on inflation (see Figure 4): Its acceleration led to their growth, and vice versa. In the beginning of 1994, the situation began to change. The slowing of inflation did not cause a reduction in bank assets. And then the dependence of banks on inflation took on an inverse character: The slowing of inflation had a favorable effect on them, and its acceleration—a negative effect.

Рисунок 4. Инфляция и темп роста денежной массы



По данным Госкомстата и Центрального банка РФ.

{titl}Figure 4. Inflation and the rate of growth of the money supply* {annot}Key: 1.—lag of three months; 2.—lag of four months; 3.—lag of six months; 4.—lag of five months; 5.—lag of six months; 6.—January; 7.—May; 8.—September

*According to data of Goskomstat and Central Bank of the RF.

Thus, the accusation leveled at the banks, which are supposedly interested in the growth of prices, is unfounded. Despite the acuteness of the crisis (according to estimates, the relative share of banks operating at a loss in 1994 reached 30 percent, and surpassed the relative share of unprofitable industrial enterprises—23 percent), the easing of financial policy and the acceleration of inflation no longer correspond to the real interests of the banking community.

The political significance of this fact is difficult to overestimate. Banks are the key source of financing political activity, and the balance of forces is largely determined specifically by their position. Their position makes it possible to conclude that the course toward financial revitalization will be retained regardless of the results of the upcoming elections.

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Primary Danger—Economic Growth

It is a paradox that the primary danger of economic development of Russia is associated not with the continuing (although waning) decline in production or with depression, but with economic growth.

World experience shows that in a transitional economy, economic upswing after a crisis demands a sharp increase in import of equipment, which in turn leads to a growth of the trade balance deficit and foreign indebtedness.

Today's foreign debt of Russia (around $120 billion) is approaching the limit of the country's solvency, determined by a comparison with the volumes of foreign trade on the basis of standard methodologies. Its sharp increase, which evidently is inevitable in a period of economic growth, will not only have a negative effect on the attitude toward Russia as a borrower, but will also significantly undermine its economic sovereignty.

This becomes especially painful if we consider Russia's loss of its natural markets (the CIS, the solvent developing countries, Eastern Europe) and the re-orientation of its foreign trade to the developed countries, in relations with which it will long be doomed to the position of a "junior partner."

In 1994 their relative share in export increased from 60 to 67 percent, and in import—from 61 to 69 percent. The relative share of the developing countries and the former CEMA [Council for Mutual Economic Assistance] states declined respectively from 31 to 25 and from 27.7 to 21.5 percent. Commodity turnover with the CIS countries declined by two times—as in the two preceding years, just as in 1991—the year of disintegration of the USSR. As a result, while in 1991 the CIS and the Baltic states accounted for over two-thirds of Russia's foreign trade turnover, in 1994 they comprised less than one-fourth. The traditional markets have been lost, and specifically the gasoline market of the CIS countries. The curtailment of trade with them in 1995 will comprise no less than 20 percent.

Monopolism: We Want To Very Badly, But the IMF Will Not Let Us....

In order to emerge onto the world market and to achieve successful competition on it, strong monopolies are needed which rely on the entire might of the state. This is a condition of their commercial effectiveness.

The accelerated formation of monopolies is facilitated by the tightening of financial policy, the deteriorating position of weak enterprises which facilitates their buy-out, and the second stage of privatization. It is time to say goodbye to the propagandist myth about the fact that the goal of its first stage was increased effectiveness, modernization, and creation of a class of owners. Privatization, like liberalization of prices, was fully and entirely a necessitated measure, and pursued only one goal: to cast off the national economy from the breaking neck of the state. At any price and as quickly as possible, because the deficit for 1991 comprised 21 percent of the GDP, and threatened economic collapse.

The task of the second stage of privatization is the rationalization of the structure of ownership, its concentration in the largest diversified concerns. As with any reorganization, this is not only a complex but also a dangerous task for those executing it. However, specifically as a result of it, a powerful fist of commercially effective FPG's [financial-industrial groups] will be formulated in Russia, capable of changing the situation not only in the world economy, but also in world politics. For the present, there are only two FPG's of such a class—these are the Gazprom and AvtoVAZ groups.

The primary danger of this period is the formation of an oligarchy due to the increased merging of a small number of leading groups with the state. If there are few of them, the state will not be able to maneuver between them, working out and defending the balance of public interests, but will become a weak-willed toy in their hands.

In overcoming this threat, there are two stages through which we must pass. The first is destruction of the organizational monopolies, the commercial structures which control the distribution of state funds. Their success depends on the scope of state support of the economy, which will give them an objective interest in economic crisis: The worse the situation in the sectors, the greater the state support, and that means—the greater their income.

The destruction of the parasitic structures will revitalize the economic situation, increase the effectiveness of the economy, and bring a new cohort of politicians to the political arena. However, it will not solve the problem of state monopolism. Since the real threat of oligarchy emanates not from the distributive fragments of the totalitarian economy, but from commercially effective, energetic giants who are confidently looking to the future, and who are relying on their own market advantages in their struggle for influence over the state.

The first "reconnaissance in force"—the repeal of the oil quotas—demonstrated the quality of resistance of these structures, which even half a year earlier had been capable of attracting the supreme organs of state administration in defense of their interests. At that time, only the timely support of the IMF allowed us to achieve success, but we must understand that the significance of

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foreign aid, including political, will continually decrease as Russia grows stronger.

***Report on Budget Revenues for Second Quarter of 1995**

954E1077A Moscow KOMMERSANT-DAILY in Russian 8 Jun 95 p 3

[Article: "The Second Quarter Will Be No Worse Than the First"]

[FBIS Translated Text] **Summing up with enthusiasm the fulfillment of the budget during the first quarter of this year, the government, nevertheless, was afraid that during the second quarter everything would be much worse. The fears turned out to be unwarranted, believes expert Mikhail Delyagin, who has the most unconventional approach to the budget under present conditions—optimistic. The second quarter will also give cause for the official enthusiasm: The budget deficit during the first 5 months of the year is much smaller than planned—it makes up only 4.1 percent of the gross domestic product.**

In principle, during the months following the beginning of the second quarter state expenditures increased considerably. First of all, there was a marked increase in expenditures on international activity, including expenditures on arms reduction, contributions to international organizations, financing of centralized export, and granting of state credits. The total increase in these expenditures comprised 0.6 percent of the gross domestic product. Expenditures on the servicing of the state debt increased almost as much (by 0.5 percent of the gross domestic products). Finally, budget expenditures on the social and cultural sphere increased markedly—the increase made up 0.2 percent of the gross domestic product. On the other hand, surprising as it is, expenditures on Chechnya, as before, did not have a marked effect on the budget: During the second quarter they remained at the previous level—0.1 percent of the gross domestic product. Moreover, during the second quarter expenditures on national defense and the elimination of emergency situations did not increase at all.

Current Indicators of the Federal Budget (Percent of the Gross Domestic Product)

	January-March	January-May
Expenditures		
State administration	0.2	0.3
International activity	1.2	1.8
National defense	3.0	2.9
Law enforcement activity	1.2	1.3
Science	0.3	0.3
National economy	2.3	2.3
including:		
agriculture	0.7	0.6
industry and construction	1.5	1.6
of them:		
Rosugol	0.6	0.6
state investments	0.8	0.9
Elimination of emergency situations	0.2	0.2
Social and cultural sphere	1.0	1.2
including:		
education	0.5	0.6
culture and art	0.06	0.07

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	January-March	January-May
public health and physical culture	0.3	0.2
social policy	0.2	0.2
Servicing of the state debt	1.9	2.4
Financial assistance to other levels of power	1.6	1.7
Expenditures on Chechnya	0.1	0.1
TOTAL EXPENDITURES	14.2	16.2
Revenues		
Tax revenues and obligatory payments	8.9	9.6
Revenues from foreign economic activity	1.8	2.2
Central Bank profit	0.3	0.3
TOTAL REVENUES	11.0	12.1
Separately revenues from the sale of gold currency reserves	0.5	0.4
DEFICIT	3.3	4.1

During the calculation of the budget deficit funds received from the sale of gold currency reserves are not included in revenues. Owing to the rounding off the sum of items may not coincide with the indicated result.

During the past months of the second quarter expenditures, as well as revenues, increased. It is significant that the increase was achieved not only (as was usually the case) owing to revenues from foreign economic activity (they increased by 0.4 percent of the gross domestic product). It is clear that in the very near future these revenues will decrease owing to the drop in the rate of the dollar. The significant increase—by 0.7 percent of the gross domestic product—in tax revenues is more important. Furthermore, revenues from the sale of state reserves, as well as from privatization, increased.

It is interesting to note that revenues from the sale of state reserves (like expenditures on their replenishment) greatly exceed previously planned indicators. This means that the state has begun to act as an ordinary businessman, buying property not only for the creation of some reserves, but also for subsequent resale. The Central Bank profit is another interesting revenue item. During the months following the second quarter revenues regarding this item have remained at the previous level. Moreover, they lag behind planned indicators. Whereas during the first 5 months of the year with respect to other items 79.5 percent of the planned revenues of the first half of 1995 were collected, the transfer of the Central Bank profit into the federal budget made up only 43.5 percent of the estimated amount. The reason, most probably, is very simple: The Central Bank is less and less interested in admitting the existence of profit, since it is fully transferred into the budget.

In any case the ratio of expenditures and revenues in the budget during the second quarter is very favorable for now. As a result, the deficit rose only 0.8 percent. However, optimism is due not only to the moderation of the deficit, but also to structural changes in the sources of its coverage. Owing to the receipt of the first tranche of credit from the International Monetary Fund, it was possible to reduce radically—to less than one-half—the share of the deficit covered by Central Bank credit, that is, from 36 to 17 percent. At the same time, the total share of inflationary sources of coverage of the federal budget deficit (including treasury bonds) decreased from 69 to 46 percent.

Sources of Deficit Coverage (in Percent of the Gross Domestic Product)

	January-March	January-May
Central Bank credits	1.2	0.7
Sale of securities	1.2	1.5
Treasury bonds	1.1	1.2
Foreign borrowing	-0.7	1.2

As a rule, coverage of the deficit during the year exceeds its amount.

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True, at the same time, the ratio of revenues from the sale of securities to the amount of the federal budget deficit, for all practical purposes, did not change, comprising 36 percent during the first 3 months of 1995 and 37 percent in January-May. In principle, the very preservation of this indicator at a relatively high level is not a bad result. However, the government hoped that the stabilization of the currency market in April and the drop in the rate of the dollar in May would make it possible to achieve an increase in the significance of securities for the financing of the state budget deficit owing to the flow of funds from the currency market—this could not yet been done. This is connected not only with the natural inertness of macroeconomic processes, but also with the shortage of funds in the country's banking system caused by the tightening of financial policy, primarily, by the increase in reservation norms.

Wage Hike for Budget-Funded Sector Derided

MM1906140595 Moscow RABOCHAYA TRIBUNA in Russian 16 Jun 95 pp 1-2

[Article by Arkadiy Solovyev:: "Wage Rise? Treat That As a Joke"]

[FBIS Translated Text] The government decree on revising wage rates for workers at budget-funded organizations and establishments was viewed by many people as the long-awaited wage rise and some people even decided that the minimum wage had finally been indexed. In actual fact, it is only a question of revising wage rates and of changing the wage scale introduced in late 1992.

On average, wage rates have been increased by 30 percent despite a 2.5-fold increase in consumer prices. The increase only amounted to half the legally prescribed amount even if you ignore workers' financial losses throughout the entire six-month wage freeze.

One must also remember that the previous July wage "raise" for budget-funded personnel was also 150-percent under-indexed.

But that is small beer, so to speak. The sting in the tail of the government's gift to the beloved intelligentsia is that financial support for the wage rise comes...."from their own funds" and "from the appropriations allocated."

To put it more simply, the federal authorities have taken the path of least resistance and have once again tried to put on a brave face: They say, we are allowing you to raise wages but find the money yourselves. And responsibility for the dates of the wage raise and the procedure for carrying it out has been transferred to the local authorities.

If the local budget has the money to pay wages for teachers, doctors, and librarians, be so good as to pay them and if not, that is your problem. Meanwhile it is well known that at least three-fourths of the country runs on subsidies. Therefore even this minuscule top-up will once again fail to reach all budget-funded personnel.

In the past the switch to paying budget-funded personnel on the principles of the unified, single wage schedule was viewed as a significant step forward in the move toward a market economy. At the same time the number of categories was increased and dynamic intercategory ratios were prescribed.

Needless to say, many issues remained unresolved. Thus, the inadequate differentiation of wage categories primarily for highly-qualified specialists did not make it possible to take fair account of workers' numerous qualifications: experience (service record), academic qualifications, specific sectoral features.

As early as the following year, this necessitated a major adjustment to the idea itself. The single wage schedule and the unified principles began to be ripped to shreds by various departments. Sectors and subsectors went all out to get concessions and privileges for themselves in the form of allowances and top-up payments, often duplicated in the wage rate descriptions and even duplicating one another (for instance, for academic degrees and title).

All these countless addenda and adjustments to the sectoral wage schedules reduced what were initially unified principles to tatters, which suited virtually no one, neither state organs nor the workers themselves.

It was ultimately decided to "compress" the scale by unifying all intercategory ratios. In itself the change might have been viewed as a move toward partially settling certain contradictions had it been tackled with other equally acute problems.

But the most acute problem with regard to the wages of budget-funded personnel is the growing disparity in their wages compared with other professions and sectors.

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Ratio Between Monthly Wages in Budget-Funded Sectors and the National Economy in 1994 (in Percentages)

Relationship Between Wages of Budget-Funded Personnel and Wages in:	Average for the Year	Average in December
National economy as a whole	72	65
Industry	67	60
Financial-credit sphere	31	17
Government apparatus	49	49

As you can clearly see, this trend is growing by the month regardless of the negligible increase in wage rates. Particularly if you compare the wages of even the most "highly paid" budget-funded workers with financial and credit workers and workers at enterprises — naturally those which hold a monopoly.

But the most glaring problem that has not been tackled is the truly catastrophic gap between budget-funded workers' monthly wages and their minimum subsistence level, which has since the second half of 1994 almost been lower than the physical-survival level. They can now only "compete" with agricultural workers. But unlike the latter they have no chance of possessing a garden plot and getting payment in kind from the kolkhoz.

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